

Logistics Task Force Meeting
January 19, 2011
Nash Community College

Lt. Governor Walter Dalton, Chairman of the Logistics Task Force, called the meeting to order at 9:27 a.m. on Wednesday, January 19, 2011 at Nash Community College in Rocky Mount, NC with the following members present:

Gene Conti, Nelson Cole, Beth Austin, Dee Blackwell, David Willauer, John Atkins, Pat Long, Larry Wooten

Bradford Sneed attended for Al Delia. Glenn Carlson attended for Tom Eagar. Jed McMillan attended for Keith Crisco.

Members absent were: Keith Crisco, Dee Freeman, Clark Jenkins, Dawn Clegg, Rick Sholtes, Allen Joines, Dan Daniele, Earl Brinkley, Buddy Shavender, Terry Bellamy, Jerry Orr, Bob Morgan, Gary Teng, Paul Kauffmann, David Congdon, Lew Ebert, Joseph Stephens, Danny McComas and Michael Walters.

Chairman Dalton welcomed everyone to Rocky Mount and thanked them for participating in the Logistics Task Force Meeting. He introduced Dr. William S. Carver, II, President, Nash Community College. Dr. Carver welcomed everyone to Nash Community College and thanked the Task Force for having the meeting in Nash County.

Chairman Dalton stated this meeting was strictly based on agriculture since it is a very important part of our state. He introduced Mr. Larry Wooten, President of NC Farm Bureau Federation and a Logistics Task Force member.

Mr. Wooten discussed how the work of the Task Force will help the state. He stated this Task Force has moved around the state looking at the diversity of the state and the needs of all areas. Agriculture is the most visible and largest to our state and we sometimes forget how important it is. Agriculture is a very diverse industry. North Carolina is number one in certain crops.

Chairman Dalton introduced Mr. Bob Slocum, Executive Vice President, NC Forestry Association. Mr. Slocum presented information to the Task Force regarding Forestry and the Forest Products Industry in North Carolina. The Forestry Association is celebrating their 100th anniversary this year. He stated that the rural road system and bridges are critical in the movement of wood. Mr. Slocum also expressed how exports are critical to the forestry industry. The future of the forest is tied to the future of the economic interest. Demand for wood and paper products will increase worldwide. A copy of Mr. Slocum's presentation is made a part of the meeting as Addendum #1.

Gene Conti asked about the export market in the sense of getting products to our ports. He asked if rail was a factor? Mr. Slocum stated there is a rail component. Many of the sawmills do not have rail service; however, bulk paper does. It tends to be a higher cost. Hardwood mills are export. Western NC tends to use the Charleston Port; however, most are moved by truck. Pat Long asked what is the percentage of Christmas trees? Mr. Slocum stated that Christmas trees

are one of the largest producers. Commissioner Steve Troxler stated the International Trade Division is trying to get more exports for Christmas Trees.

Chairman Dalton introduced Mr. Glen Carlson, Chief Commercial Officer of the North Carolina Ports Authority. Mr. Carlson provided information to the Task Force regarding the export of woodchips and how it will affect the ports.

Mr. Jim Durham, Fiber Supply Manager, International Paper, was introduced by Chairman Dalton. Mr. Durham stated they have 20 facilities in North Carolina. They employ 2,200 employees state wide as well as 6,000 contract and seasonal employees. The Reigelwood Mill is located in Columbus County. They produce over 2,400 tons per day finished products, such as, bleach board, coated bristles, market pulp and fluff pulp. They consume 3.5 million tons of wood per year. Approximately 90,000 trucks start, stop or pass through NC annually to support IP facilities. He stated that safely increasing interstate weight limits would eliminate 10% of the trucks needed to carry their products through the state. Mr. Durham stated reasons we should increase the vehicle weight limits are because freight hauled by trucks in the U.S. are expected to nearly double by 2035, and truck traffic is growing 11 times faster than road capacity. A copy of Mr. Durham's presentation is made a part of the minutes as Addendum #2.

Chairman Dalton introduced The Honorable Steve Troxler, NC Commissioner of Agriculture. Commissioner Troxler presented information to the Task Force regarding the total value of NC Ag Exports. There are a lot of products grown in North Carolina that are being exported. Sweet potatoes are being exported to the European areas. Tobacco, cotton and soy beans are the major exports from North Carolina. Commissioner Troxler stated that there is a great need for improved ports. The Morehead City Port is a under utilized facility. He feels it can be upgraded to handle the new large ships coming in the future. A copy of Commissioner Troxler's presentation is made a part of the minutes as Addendum #3.

Ms. Deborah Johnson, Chief Executive Officer, NC Pork Council and Mr. Don Butler, Director of Government Relations/Public Affairs, Murphy-Brown, LLC were introduced by Chairman Dalton. They presented information to the Task Force regarding the critical role of the NC Pork Council. Ms. Johnson stated pork is a very important part of North Carolina. In 1919 there were 1.3 million pigs in North Carolina and 1.5 million people living on farms. Ms. Johnson stated that 70% production of hogs is shipped out of state. Most production in North Carolina is contract production. North Carolina has a high reputation in the pork industry. We are home to the top 4 producers in the world. A copy of this presentation is made a part of the minutes as Addendum #4.

Mr. Butler shared information regarding Smithfield/Murphy Brown. More pork is consumed in the world over any other protein. Japan is the leading value destination of US pork. There is a three part production in working with pigs; #1=sow farm, #2= nursery, #3=finishing operation. In 7 months most pigs will reach 280 pounds. More than 80% are produced under some type of contract. They are heavily dependant on transportation. Export is a huge part of their business. Slightly more than 20% of US production is exported. Mr. Butler also stated North Carolina is a corn deficit state. The majority of corn comes from the Midwest via rail. Soy beans are the second most important ingredient. It takes 246 trucks a day to supply the state's two biggest plants operating. Weight limits on some of the bridges are a problem with the transport of the product. A copy of this presentation is made a part of the minutes as Addendum #4

The meeting was adjourned at 11:41 a.m. for lunch.

Chairman Dalton reconvened the meeting at 12:48 p.m.

Chairman Dalton asked for a motion to approve the minutes from the December 15, 2010 meeting. A motion was made by Nelson Cole and seconded by Beth Austin. The minutes were unanimously approved.

Mr. Bob Ford, Executive Director, NC Poultry Federation was introduced by Chairman Dalton. Mr. Ford shared information with the Task Force regarding North Carolina Poultry and Transportation Issues. Poultry is the #1 agricultural industry in North Carolina. The Poultry Industry offers 110,000+ job for citizens of North Carolina. Mr. Ford stated there are 20 poultry plants in North Carolina. The current weight limit for transporting poultry is 80,000 pounds. Some states allow for a weight exemption. Mr. Ford would like North Carolina to allow a 10% weight exemption. He stated this would benefit everyone. A couple of the benefits would be an annual fuel savings over 1 million gallons, faster delivery of poultry products and less traffic on country roads. A copy of Mr. Ford's presentation is made a part of the minutes as Addendum #5.

Chairman Dalton introduced Dr. Michael Walden, Department of Agriculture & Resource Economics, NCSU. Dr. Walden presented information to the Task Force regarding the value of Agribusiness. Agribusiness is defined as producing, processing, wholesaling and retailing food, natural fiber and forestry products in North Carolina. Agribusiness is 20% of the economy in North Carolina. The U.S. has a competitive advantage in farming and agribusiness. Dr. Walden stated as world incomes rise, food demand will increase, particularly for value-added food. He feels there will be shifts in domestic food demand. There will be increased focus on nutrition, safety and convenience. Transportation is a vital link for agribusiness. Facilitating the "supply chain" connecting the agribusiness components is very important. A copy of Dr. Walden's presentation is made a part of the minutes as Addendum #6.

Dr. George List, Professor, NCSU was introduced by Chairman Dalton. Dr. List reported the status of the Seven Portals Study. He also presented ideas about a statewide logistics planning matrix. The full report should be ready for presentation to the Task Force in May 2011. A copy of Dr. List's presentation is made a part of the minutes as Addendum #7.

Chairman Dalton stated the key work Dr. List used is "matrix" (connection of interrelated parts). This will be a way of prioritizing our road and rail needs. Chairman Dalton feels this will enhance the mobility in North Carolina.

Chairman Dalton thanked everyone for very informative presentation. He also thanked Larry Wooten for all of his hard work in the agriculture business.

Chairman Dalton announced the next meeting of the Logistics Task Force will be held in Charlotte, February 9 – 11, 2011. This meeting will be held in conjunction with the Institute for Trade and Transportation Studies' "2011 Freight in the Southeast Conference".

The meeting was adjourned at 1:23 p.m.